

R E P O R T

LOUISIANA DISTRICT ATTORNEYS'
ASSOCIATION, INC.

JUNE 30, 2017

LOUISIANA DISTRICT ATTORNEYS'
ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

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December 29, 2017

Louisiana District Attorneys' Association, Inc.
1645 Nicholson Drive
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Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana District Attorneys' Association, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana District Attorneys' Association, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 6 and the schedule of compensation, benefits, and other payments on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2017, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 342,694
Grants receivable	236,370
Accounts receivable	158,297
Life insurance policy - Cash Surrender Value	328,631
Property and equipment, net	168,435
Deposits	<u>918</u>
 TOTAL ASSETS	 <u><u>\$ 1,235,345</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable	\$ 219,296
Life insurance payment payable	144,816
Notes payable	15,209
Other liabilities	<u>1,355</u>
Total liabilities	<u>380,676</u>
 NET ASSETS:	 <u>854,669</u>
Total net assets	<u>854,669</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,235,345</u></u>

See accompanying notes.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
REVENUES:			
Assessments:			
Membership	\$ 725,520	\$ -	\$ 725,520
Conference and training	379,575	-	379,575
District Attorneys' Retirement System (DARS)	277,371	-	277,371
Grants	1,715,015	-	1,715,015
IT services	21,720	-	21,720
Law enforcement handbook	24,673	-	24,673
Other income	133,401	-	133,401
Total revenues	<u>3,277,275</u>	<u>-</u>	<u>3,277,275</u>
EXPENSES:			
Program services	2,936,506	-	2,936,506
Support services - management and general	72,229	-	72,229
Total expenses	<u>3,008,735</u>	<u>-</u>	<u>3,008,735</u>
Change in net assets	<u>268,540</u>	<u>-</u>	<u>268,540</u>
Net assets at beginning of year	<u>586,129</u>	<u>-</u>	<u>586,129</u>
Net assets at end of year	<u><u>\$ 854,669</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 854,669</u></u>

See accompanying notes.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	PROGRAM								
	Child Support <u>Enforcement</u>	Louisiana Automated <u>Victims</u>	Enhanced Prosecutors' <u>Resources</u>	National Criminal <u>History</u>	RICO Financial <u>Investigations</u>	Victims' <u>Assistance</u>	Human <u>Trafficking</u>	Training & <u>Equipment</u>	Elderly Services <u>Program</u>
Salaries and wages	\$ 71,044	\$ 31,217	\$ 101,986	\$ 71,994	\$ 61,414	\$ 105,294	\$ -	\$ -	\$ 5,214
Payroll taxes and benefits	11,393	7,043	16,795	12,655	16,146	20,322	-	-	412
Automobile expenses	-	-	-	-	-	-	-	-	-
Contractual services	1,300	40,000	2,720	-	2,223	500	-	650	809
Insurance	347	155	502	360	307	514	-	-	563
Travel and luncheons	4,474	1,227	1,701	2,134	2,261	4,605	17,378	-	12,694
Postage	-	-	2,009	-	590	684	-	-	29
Telephone and utilities	5,760	-	1,077	-	3,452	3,804	-	-	999
Printing and newsletter	38	-	-	-	405	33,051	2,600	821	2,953
Consumable supplies	5,345	-	39,268	-	4,439	1,573	-	-	2,756
Repairs, maintenance, and rentals	11,450	-	-	-	4,660	1,162	4,220	8,275	9,335
Dues, subscriptions, registration	635	-	435	275	125	1,715	275	-	1,893
Interest	-	-	-	-	-	-	-	-	-
IT Expense	-	9,074	-	-	-	-	-	-	-
Equipment purchased	-	-	4,451	802	-	6,894	-	10,254	-
Conference expenses	4,704	-	-	-	14,411	-	6,945	-	3,735
Miscellaneous expense	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-	-
Total expenses	<u>\$ 116,490</u>	<u>\$ 88,716</u>	<u>\$ 170,944</u>	<u>\$ 88,220</u>	<u>\$ 110,433</u>	<u>\$ 180,118</u>	<u>\$ 31,418</u>	<u>\$ 20,000</u>	<u>\$ 41,392</u>

See accompanying notes.

SERVICES									SUPPORT SERVICES	
<u>PEIPS</u>	<u>LA Learning</u>	<u>NICS</u>	<u>DMC Data Collection</u>	<u>Member Services</u>	<u>Worthless Checks</u>	<u>Highway Traffic Safety</u>	<u>DARS</u>	<u>Total</u>	<u>Management & General</u>	<u>Total</u>
\$ 16,058	\$ 23,603	\$ 62,433	\$ -	\$ 325,636	\$ 54,775	\$ 105,182	\$ 165,862	\$ 1,201,712	\$ 29,421	\$ 1,231,133
				-						
2,844	5,908	14,119	17	40,006	16,457	19,572	37,150	220,839	3,481	224,320
-	-	-	-	10,220	-	-	-	10,220	1,011	11,231
324,310	37,010	179,919	-	112,243	-	1,300	-	702,984	9,202	712,186
65	122	311	-	7,543	266	523	819	12,397	732	13,129
256	310	2,471	1,839	55,521	-	23,743	7,888	138,502	2,119	140,621
-	-	-	-	2,270	128	62	4,937	10,709	224	10,933
975	-	-	-	11,476	5,286	2,997	6,412	42,238	1,135	43,373
-	-	-	-	14,793	-	1,625	915	57,201	1,430	58,631
-	52	-	-	22,702	743	13,252	5,795	95,925	2,211	98,136
				-						
-	-	-	-	76,406	8,824	12,673	4,837	141,842	6,347	148,189
				-						
-	650	-	-	26,266	-	2,343	884	35,496	2,316	37,812
-	-	-	-	642	-	-	-	642	64	706
1,520	475	-	-	-	-	-	9,475	20,544	-	20,544
13,482	193	-	-	11,633	183	1,688	319	49,899	1,150	51,049
-	-	-	-	93,596	-	25,478	1,889	150,758	6,979	157,737
-	30	-	-	10,460	-	-	-	10,490	1,034	11,524
-	-	-	-	34,108	-	-	-	34,108	3,373	37,481
<u>\$ 359,510</u>	<u>\$ 68,353</u>	<u>\$ 259,253</u>	<u>\$ 1,856</u>	<u>\$ 855,521</u>	<u>\$ 86,662</u>	<u>\$ 210,438</u>	<u>\$ 247,182</u>	<u>\$ 2,936,506</u>	<u>\$ 72,229</u>	<u>\$ 3,008,735</u>

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 268,540
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	37,481
Increase in cash surrender value of life insurance	(11,756)
Gain on sale of property and equipment	(3,885)
Changes in operating assets and liabilities:	
Accounts and grants receivable	(84,561)
Accounts payable and other liabilities	3,428
Life insurance payable	(25,652)
Net cash provided by operating activities	<u>183,595</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(57,278)
Sale of property and equipment	24,000
Net cash used by investing activities	<u>(33,278)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on vehicle loan	(5,011)
Principal payments on note payable	(18,673)
Net cash used by financing activities	<u>(23,684)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS 126,633

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 216,061

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 342,694

SUPPLEMENTAL INFORMATION:

Interest paid	<u>\$ 706</u>
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See accompanying notes.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

DESCRIPTION OF OPERATIONS:

The Louisiana District Attorneys' Association, Inc. (LDAA) is a nonprofit corporation established to provide assistance to participating Louisiana district attorneys and assistant district attorneys. The assistance includes education, training, resources, and implementation of the Prosecutor Information Management System (PIMS). Funding is received from assessments of the district attorneys' offices and participation in other federal grant programs including child support enforcement, improvement of criminal records, RICO financial investigations, crime victims' assistance, highway traffic safety, worthless checks, and violence against women programs. These federal programs are received directly from the issuing agencies, through the Louisiana Commission on Law Enforcement (LCLE), whereas the LDAA is sub-recipient, and the Louisiana Department of Social Services (DSS).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the major accounting policies followed in the preparation of the accompanying financial statements is set forth below:

Basis of Accounting and Presentation:

The financial statements are prepared using the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when they are incurred. Unearned revenue is reflected on grants that are advanced until the funds have been expended.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements for Not-for-Profit Organizations*. Under FASB ASC 958-205, the LDAA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The statement of activities presents expenses of the Association's operations functionally between program and support services.

Assessments:

Members are assessed dues to cover the cost of member services provided by the Association. Separate registration fees are charged for training programs, many of which provide continuing legal education.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

The Association is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(6). Accordingly, no provisions for Federal or State income taxes have been recorded in the financial statements.

The Association's federal exempt organization tax returns for the years ended June 30, 2017, 2016 and 2015 are subject to examination by the Internal Revenue Service, generally three years after they are filed.

In June 2006, The Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, an Interpretation of FASB Statement No. 109, which is now Accounting Standards Codification 740 (ASC 740). ASC 740 requires that a tax position be recognized or derecognized based on a "more than not" threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination.

The Association has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740. Accordingly, ASC 740 does not have any impact on the accompanying financial statements.

Statement of Cash Flows:

For purposes of the statement of cash flows, the Association considers cash and cash equivalents to be all items designated as "cash and cash-restricted" on the statement of financial position.

Accounts and Grants Receivable:

Accounts receivable represents amounts due from district attorney offices for assessments, training and other various services that have been billed and not been received as of June 30, 2017. Grants receivable represents amounts due from grantors for reimbursable expenses under the grant. Based on past experience in collections, no allowance for uncollectibility is required.

Net Assets:

Unrestricted net assets represent resources whose use is not limited by donors. They generally arise as a result of exchange transactions, unrestricted contributions or restricted contributions whose restrictions have expired.

There are no temporarily restricted or permanently restricted net assets.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

2. USE OF ESTIMATES:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

3. PENSION PLAN:

Substantially all full-time employees of the Association are members of the Louisiana District Attorneys' Retirement System, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees.

All persons who are district attorneys of the State of Louisiana, assistant district attorneys in any parish of the State of Louisiana, or employed by the Retirement System and the Louisiana District Attorneys' Association except for elected or appointed officials who have retired from service under any publicly funded retirement system within the state and who are currently receiving benefits, shall become members as a condition of their employment; provided, however that in the case of assistant district attorneys, they must be paid an amount not less than the minimum salary specified by the Louisiana District Attorneys' Retirement System's Board of Trustees.

Members who joined the System before July 1, 1990, and who have elected not to be covered by the new provisions, are eligible to receive a normal retirement benefit if they have 10 or more years of creditable service and are at least age 62, or if they have 18 or more years of service and are at least age 60, or if they have 23 or more years of service and are at least age 55, or if they have 30 years of service regardless of age. The normal retirement benefit is equal to 3% of the member's average final compensation for each year of creditable service. Members are eligible for early retirement at age 60 if they have at least 10 years of creditable service or at age 55 with at least 18 years of creditable service. Members who retire prior to age 60 with less than 23 years of service credit receives a retirement benefit reduced 3% for each year of age below 60. Members who retire prior to age 62 who have less than 18 years of service receive a retirement benefit reduced 3% for each year of age below 62. Retirement benefits may not exceed 100% of final average compensation.

Members who joined the System after July 1, 1990, or who elected to be covered by the new provisions, are eligible to receive normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5% of the member's final average compensation multiplied by years of membership service. A member is eligible for an early retirement benefit if he is age 55 and has 18 years of service credit.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

3. PENSION PLAN: (Continued)

The early retirement benefit is equal to the normal retirement benefit reduced 3% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of average final compensation.

The fund is financed by employee and employer contributions established by state statute. Employee contributions are 8% of salary for active members. Employer contributions are actuarially determined and were 0%, 3.5%, and 7% of salary for the years ended June 30, 2017, 2016, and 2015, respectively. Employer contributions totaled \$2,419, \$37,705, and \$53,489 for the years ended June 30, 2017, 2016, and 2015, respectively. In addition, the fund receives revenue sharing funds as appropriated by the legislature and ad valorem taxes as determined by the Public Retirement Systems' Actuarial Committee up to a maximum of .2% of the ad valorem taxes shown to be collected. According to state statute, in the event that the contributions from ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement Systems' Actuarial Committee.

During the year ended June 30, 2017, the System's actuarial valuation used the Aggregate Actuarial Cost Method based on earnings which does not identify and separately amortize unfunded actuarial liabilities. The actuarial value of assets is based on the market value of investment securities adjusted to smooth realized and unrealized capital gains over a three-year period. The actuarial assumptions include a 7% investment rate of return. Cost of living adjustments are based on specific target ratios being met and excess interest earning available to fund a benefit increase.

The System issues an annual, publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the District Attorneys Retirement System of Louisiana, 1645 Nicholson Drive, Baton Rouge, Louisiana 70802.

4. SICK LEAVE:

All employees of the Association are entitled to 12 days of sick leave each year. A maximum of 25 days may be carried over to the following year. The Association does not pay employees for accumulated leave at termination of employment.

5. PROPERTY AND EQUIPMENT:

The cost of property, plant and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. Depreciation expense for the period ended June 30, 2017 was \$37,481. The Association capitalizes all property and equipment purchases in excess of \$1,000 at cost.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

5. PROPERTY AND EQUIPMENT: (Continued)

Estimated useful life of fixed assets is as follows:

Buildings and improvements	15 years
Equipment	5-7 years
Furniture and fixtures	5-7 years
Vehicles	5 years

The following is a summary of property, plant, and equipment valued at cost, less accumulated depreciation.

Land	\$ 73,000
Buildings and improvements	589,875
Equipment	241,441
Furniture and fixtures	62,165
Vehicles	<u>87,250</u>
	1,053,731
Less: Accumulated depreciation	<u>885,296</u>
Net property, plant, and equipment	<u>\$ 168,435</u>

6. CASH AND CASH EQUIVALENTS:

At June 30, 2017, the Association held investments in Louisiana Asset Management Pool (LAMP) with a fair value of \$325,722 which is based on the original investment plus earnings. The investment in LAMP is included in cash and cash equivalents on the statement of assets, liabilities, and net assets.

LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP's investments are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

6. CASH AND CASH EQUIVALENTS: (Continued)

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

7. TRANSACTIONS WITH RELATED ORGANIZATION:

The Association shares certain common functions and costs with the District Attorneys Retirement System of Louisiana (DARS). The LDAA provides the DARS with office space, office equipment, and administrative and accounting services. The LDAA paid expenses on behalf of the DARS in the amount of \$247,371. The LDAA also billed DARS \$30,000 for office space during the year ended June 30, 2017.

8. LEASES:

The Association leases a copy machine under an operating lease that expires in September 2018. Minimum future rental payments under an operating lease having a remaining term over one year as of June 30, 2017 are:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2018	\$ 13,160
2019	2,900
	<u>\$ 16,060</u>

The total amount charged to expense related to the copy machine lease was \$25,177 for the year ended June 30, 2017.

9. NOTE PAYABLE:

Note payable consists of the following:

Mortgage payable to Whitney National Bank, secured by the Association's building. The note bears interest of 6.806% with monthly installments of \$1,661 and matures November 2017
Total debt

\$	8,115
\$	<u>8,115</u>

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

9. NOTE PAYABLE: (Continued)

Following are maturities of the debt for the next year:

<u>Year Ended</u>	<u>Amount</u>
2018	<u>\$ 8,115</u>
Total debt	<u>\$ 8,115</u>

The total amount charged to expense related to the note payable was \$706 for the year ended June 30, 2017.

Note payable consists of the following:

Note payable to Nissan Motor Acceptance Corporation	
The note bears no interest with monthly installments of \$418 and matures December 2018	\$ 7,094
Less: current maturities	<u>5,011</u>
Total long-term debt	<u>\$ 2,083</u>

Following are maturities of the debt for each of the next two years:

<u>Year Ended</u>	<u>Amount</u>
2018	\$ 5,010
2019	<u>2,084</u>
Total long-term debt	<u>\$ 7,094</u>

10. LIFE INSURANCE:

The Association is the owner of a life insurance policy purchased in 1993 on the life of a key officer. The Association also has a Retirement Income Contract with the key employee to be funded by the policy at retirement age. Retirement per the contract is at age 60. The total retirement income to the key employee is 180 payments at \$2,667 per month or \$480,060. During the fiscal year ended June 30, 2008, the Association began making monthly payments of \$2,667 to the officer. These payments of \$2,667 will cease in six years upon the officer turning age 75. If the officer dies prior to age 75, payments cease and the remaining amount due will be paid from the death benefit. As of June 30, 2017, key amounts are as follows:

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

10. LIFE INSURANCE: (Continued)

1) Life Insurance Policy Death Benefit	\$511,185
2) Remaining amount due to key employee	\$173,333
3) Present value of amounts due to key employee discounted at 4%	\$144,836
4) Total Life Insurance Cash Surrender Value	\$328,631

The following represents the payment schedule for each of the next five years and thereafter:

<u>Year Ended</u>	<u>Amount</u>
2018	\$ 26,697
2019	27,785
2020	28,917
2021	30,095
2022	31,342
	<u>\$ 144,836</u>

11. DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through December 29, 2017 which is the date the financial statements were available to be issued and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Agency Head: E. Pete Adams

Position: Executive Director

Salary	\$ 128,858
Benefits-medical, dental and life insurance	6,144
Lodging (incl Trustee Mtg. for DARS)	3,588
Convention Seminar Registration	2,495
Meals	320
Misc Travel Costs (baggage fees, parking, change fees)	403
Membership Dues	1,270
Airfare	<u>846</u>
Total	<u><u>\$ 143,924</u></u>



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

December 29, 2017

Board of Directors
Louisiana District Attorneys' Association, Inc.
1645 Nicholson Drive
Baton Rouge, LA 70802-8143

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana District Attorneys' Association, Inc. (the Association), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana District Attorneys' Association, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

December 29, 2017

Board of Directors
Louisiana District Attorneys' Association, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Louisiana District Attorneys Association, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct or material effect on each of Louisiana District Attorneys Association, Inc.'s major federal programs for the year ended June 30, 2017. Louisiana District Attorneys Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Louisiana District Attorneys Association, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Louisiana District Attorneys Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Louisiana District Attorneys Association, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Louisiana District Attorneys Association, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct or material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Louisiana District Attorneys Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Louisiana District Attorneys Association, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Louisiana District Attorneys Association, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance

requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Justice, passed through Louisiana Commission on Law Enforcement			
State Civil RICO Training Program	16.738	2015-DJ-03-3103 2016-DJ-03-3459	\$ 110,433
National Criminal History Improvement Program	16.554	2015-RU-03-2972	88,220
NICS Records Improvement Program	16.813	2015-NS-01-3012	259,253
Prosecutor's Early Intervention Program Expansion and Enhancement Project (PEIP)	16.580	2012-DD-BX-1238	359,510
Louisiana Automated Victims Notification System	16.575	2014-VA-01/02/03/04-2608	88,716
Enhanced Prosecutor Resources Program 8	16.575	2015-VA-04-3243	170,944
Crime Victims Assistance Elderly Victims Assistance	16.575	2014-VA-01/02/03/04-2609 2015-VA-01/02/03/04-3208 2014-VA-01/02/03/04-2611 2015-VA-02-3599	180,118 41,392
DMC Data Collection System Improvement	16.540	2011-JF-05-2443 2013-JF-05-2875	1,856
Total Department of Justice			<u>1,300,442</u>
Department of Health and Human Services passed through Louisiana Department of Social Services			
Child Support Enforcement - (Title IV-D)	93.563	DOA 360-400509	<u>116,490</u>
Total Department of Health and Human Services			<u>116,490</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,416,932</u>

See accompanying notes to schedule of expenditures of federal awards.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the grant activity of Louisiana District Attorneys Association, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Government, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the System, it is not intended to and does not present the financial position, changes in net assets, or cash flow of Louisiana District Attorneys Association, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The schedule of expenditures of federal awards of Louisiana District Attorneys' Association, Inc. has been prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are recognized when incurred.

The Association did not have any non-cash awards during the fiscal year.

3. INDIRECT COST RATE:

The Association has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

LOUISIANA DISTRICT ATTORNEYS' ASSOCIATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Louisiana District Attorneys Association, Inc. were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Louisiana District Attorneys Association, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for Louisiana District Attorneys Association, Inc.
7. Louisiana District Attorneys' Association, Inc. does not qualify as a low-risk auditee as that term is defined in the Uniform Guidance.
8. The programs tested as major programs included:

<u>Name of Program</u>	<u>CFDA No.</u>	<u>Expenditure</u>
Enhanced Prosecutor	16.575	\$ 170,944
Prosecutor's Early Intervention Program	16.580	<u>359,510</u>
		<u>\$ 530,454</u>

9. The threshold used to distinguish between Type A and Type B programs was \$750,000.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT

None

D. PRIOR YEAR FINDINGS

None

LOUISIANA DISTRICT ATTORNEYS ASSOCIATION, INC.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

JUNE 30, 2017

LOUISIANA DISTRICT ATTORNEYS ASSOCIATION, INC.

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

December 29, 2017

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Board of Directors of the
Louisiana District Attorneys Association, Inc. and
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Louisiana District Attorneys Association, Inc. (the Association) and the Louisiana Legislative Auditor, on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed Upon Procedures for the year ended June 30, 2017. The Association's management is responsible for the control and compliance areas identified in the Statewide Agreed Upon Procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

- 1) We obtained the entity's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions, as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

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Written Policies and Procedures (Continued)

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) Disbursements, including processing, reviewing, and approving
- d) Receipts, including receiving, recording, and preparing deposits.
- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) Credit Cards (and debit cards, fuel cards, P-cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) Ethics – Not applicable
- j) Debt Service – Not applicable

Upon applying the agreed upon procedures above, we noted the following: the purchasing policy did not include how vendors are added to the vendor list; the contracting policy did not include the types of services requiring written contracts and standard terms and conditions; and the credit cards policy did not include allowable business uses.

Management's Response:

- VENDOR LISTS: Due to the size of the Association, the same person that is responsible for processing payments can also add vendors into our accounting system. Management does approve all payments to vendors.
- CONTRACT OF SERVICES: LDAA requires written contracts for services such as: Computer Services, maintenance of equipment, security services, and telephone services. Standard terms include: Specific services to be rendered, dates of services, cost of services, stages of completion and amount of retainer, if applicable.

Written Policies and Procedures (Continued)

Management's Response: (Continued)

- CREDIT CARD POLICY: LDAA requires credit cards be used ONLY for business purposes. Examples of allowable business uses include: purchase of equipment, lodging, meals, rental of equipment, etc.

We will update our policy and procedures accordingly.

Board

- 2) We obtained and reviewed the board/committee minutes for the fiscal period, and:
 - a) Determined whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - c) Determined whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No findings were noted as a result of applying the procedures above.

Bank Reconciliations

- 3) We obtained a listing of client bank accounts from management and management's representation that the listing is complete.
- 4) Using the listing provided by management, we selected one-third of the entity's bank accounts on a rotating basis. For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and determined whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations included evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation; and
 - c) Management had documentation reflecting that it had researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

No findings were noted as a result of applying the procedures above.

Collections

- 5) We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.
- 6) Using the cash collection listing provided by management, we selected all of the entity's cash collection locations. For each cash location selected:
 - a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash was (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who was not responsible for cash collections in the cash collection location selected.
 - c) We selected the highest dollar week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - i. Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
 - ii. Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections were completely supported by documentation and report any exceptions.

Upon applying the agreed upon procedure above, we noted one instance in which collections were deposited two days after receipt.

Management's Response:

The Association's policy is to deposit all funds received on the day that they are received. However, the Association is on the "training route" for the main post office and there are days that mail is not delivered. When the mail is finally received, it has been policy for the employee logging the mail to use the date that the mail should have been received on the check registers instead of the date that the mail was actually

Collections (Continued)

delivered. With the date discrepancies, it may look like the funds were not deposited on the day received. From this date forward, we will date the registers with the date received so there is no further confusion.

- 7) We obtained existing written documentation (e.g. policy manual, written procedure) and determined whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who was not responsible for collections.

No findings were noted as a result of applying the procedures above.

Disbursements – General (excluding credit card purchases or payments)

- 8) We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We also obtained management's representation that the listing or general ledger population was complete.

No findings were noted as a result of applying the procedure above.

- 9) Using the disbursement population from agreed upon procedure number 8 above, we randomly selected 25 disbursements excluding credit card/ debit card/ fuel card/ P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Upon applying the agreed upon procedure above, we noted there were no purchase orders or requisitions used to initiate the purchase. As a result, we were not able to determine that the person who approved the purchase did not also initiate the purchase, and payment for the purchase was also processed without an approved requisition or purchase order.

Disbursements – General (excluding credit card purchases or payments) (Continued)

Management's Response:

Due to the Association's size, at this time management feels the present procedure in place is adequate. Electronic request is sent for management approval before purchase is made. Payment is approved by management comparing sales invoice to payment.

- 10) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the person responsible for processing payments was prohibited from adding vendors to the entity's purchasing/disbursement system.

As a result of applying the procedures above, we noted that requisition requests and purchase orders are not being used by the Association.

Management's Response:

Due to the size of the Association, the same person that is responsible for processing payments can also add vendors into our accounting system. Management does approve all payments to vendors. Management also scans canceled checks for any irregularities.

- 11) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No findings were noted as a result of applying the procedure above.

- 12) We inquired of management and observed whether the supply of unused checks was maintained in a locked location, with access restricted to those persons that do not have signatory authority, and noted any exceptions. Alternately, if the checks were electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and determined whether the persons with signatory authority have system access to print checks.

No findings were noted as a result of applying the procedure above.

- 13) When signature stamp or signature machine was used, we inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

No findings were noted as a result of applying the procedure above.

Credit Cards

- 14) We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We also obtained management's representation that the listing was complete.

No findings were noted as a result of applying the procedure above.

- 15) Using the listing prepared by management, we randomly selected one-third of the credit cards (the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
- a) Determined whether there was evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Determined whether finance charges and/or late fees were assessed on the selected statements.

Upon applying the agreed upon procedures above, we noted that monthly credit card statements were reviewed and approved by one of the authorized card holders.

Management's Response:

Again, due to the size of the Association, the credit card statement is reviewed and approved by an authorized card holder who is part of the management team. Payment of credit card statement is performed by another staff member and approved by management.

- 16) Using the monthly statements or combined statements selected under agreed upon procedure number 15 above, we obtained supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).
- a) For each transaction, we determined that the transaction was supported by:
 - i. An original itemized receipt (i.e., identifies precisely what was purchased).
 - ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization).

Credit Cards (Continued)

- b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction was a large or recurring purchase requiring the solicitation of bids or quotes) and noted any exceptions.
- c) For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.

Upon applying the agreed upon procedure above, we noted the following:

- There were two charges that did not have a receipt. These two charges in total were less than \$6.
- One charge of \$44 was to upgrade economy seats which is not permitted per the State of Louisiana's Travel Policy. A dining receipt totaling \$154 was not itemized.

Management's Response:

- It is the policy of the Association to have receipts for all charges. However, there are a few instances where a receipt is not available or accessible. Those expenses are still reviewed and approved by the assistant director.
- It is the policy of the Association not to pay to upgrade seating on flights. However, we had one instance where the faculty member was very tall and needed specific accommodations. The only method of securing said accommodations was to upgrade the seating in the economy section.
- It is the policy of the Association to have itemized receipts for all charges. All staff have been advised that an itemized receipt is necessary for all future dining receipts.

Travel and Expense Reimbursement

- 17) We obtained from management a listing of all travel and related expense reimbursements by person, during the fiscal period or, alternately, obtain the general ledger and sorted/filtered for travel reimbursements. We also obtained management's representation that the listing and general ledger was complete.

Travel and Expense Reimbursement (Continued)

- 18) We obtained the entity's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and determined any amounts that exceed GSA rates.
- 19) Using the listing from agreed upon procedure number 17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) We compared expense documentation to written policies and determined whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity did not have written policies, we compared to the GSA rates (number 18 above) and determined each reimbursement that exceeded those rates.
 - b) We determined whether each expense was supported by:
 - i. An original itemized receipt that identified precisely what was purchased. (Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) did not require a receipt.)
 - ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - c) We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.
 - d) We determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement. No findings were noted as a result of applying the procedures above.

Contracts

- 20) We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for contract payments. We also obtained management's representation that the listing or general ledger was complete.

No findings were noted as a result of applying the procedure above.

- 21) Using the listing above, we selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:

- a) Determined whether there was a formal/written contract that supported the services arrangement and the amount paid.
- b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We determined whether each contract was subject to the Louisiana Public Bid Law or Procurement Code and:
 - i. If yes, we obtained/compared supporting contract documentation to legal requirements and determined whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - ii. If no, we obtained supporting contract documentation and determined whether the entity solicited quotes as a best practice.
- c) Determined whether the contract was amended. If so, we determined the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and determined whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtained/reviewed contract documentation and board minutes and determined whether there was documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No findings were noted as a result of applying the procedure above.

Payroll and Personnel

- 22) We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing was complete. We randomly selected five employees/ officials, obtained their personnel files, and:

Payroll and Personnel (Continued)

- a) Reviewed compensation paid to each employee during the fiscal period and determined whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and determined whether those changes were approved in writing and in accordance with written policy.

No findings were noted as a result of applying the procedures above.

- 23) We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected one-third of employees/officials and:
 - a) Determined whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Determined whether there was written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Determined whether there was written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No findings were noted as a result of applying the procedures above.

- 24) We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list was complete. We selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We determined whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No findings were noted as a result of applying the procedure above.

- 25) We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We determined whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No findings were noted as a result of applying the procedure above.

Ethics

Not applicable

Debt Service (excluding nonprofits)

Not applicable

Other

- 26) We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and determined whether the entity reported the misappropriation to the Legislative Auditor and the District Attorney of the parish in which the entity is domiciled.

No findings were noted as a result of applying the procedure above.

- 27) We observed and determined whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

No findings were noted as a result of applying the procedure above.

- 28) When the practitioner observed or otherwise identified any exceptions regarding management's representations in the procedures above, the practitioner reported the nature of each exception.

No findings were noted as a result of applying the procedure above.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the Statewide Agreed Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed Upon Procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana